



FmHA AN No. 2596 (1951)

July 29, 1992

SUBJECT: Internal Revenue Service Offset - Tax Year 1992
First Screening List

TO: State Directors
District Directors
County Supervisors

PURPOSE/INTENDED OUTCOME: The purpose of this AN is to provide field offices with a list of delinquent borrowers who are potentially eligible for Internal Revenue Service (IRS) offset for Tax Year 1992, and to provide information on screening these borrowers.

COMPARISON WITH PREVIOUS AN: No AN has been issued on this subject.

IMPLEMENTATION RESPONSIBILITIES: The Finance Office (FO) has prepared a list of borrowers who may be eligible for offset based on the July 1992, delinquency reports. This list, "Borrowers Eligible for Offset (Prior to 60-day Letter)," is attached for servicing counties only and must be reviewed by these servicing offices. Borrowers cannot be added to this list. A master list is attached for each State Office.

Servicing County Offices shall:

1. Review the list to determine if any of the borrowers fall into a category listed in Attachment 1.
2. If any borrower is ineligible for IRS offset due to the criteria in Attachment 1, draw a line through that borrower's name on the list. DO NOT LINE THROUGH THE BORROWER'S CASE NUMBER. The case number must be readable in order to delete the ineligible borrower from IRS offset.
3. Mark the appropriate ineligibility code to the left of the borrower's name. The ineligibility codes are in Attachment 1. The FO will track the reasons why borrowers are eliminated from offset.
4. Make a photocopy of this list with the lined-off borrowers and keep the copy for your files.

EXPIRATION DATE: December 31, 1992

FILING INSTRUCTIONS:
Preceding FmHA
Instruction 1951-C



5. Send the original list with any deletions to the Chief, Computer Resources Branch (CRB), Mail Code FC-353C, FmHA Finance Office, 1520 Market Street, St. Louis, MO 63103. If all borrowers on the list are eligible for offset, return the unmarked list to the FO.

6. Send the list to the FO by regular mail NO LATER THAN Friday, September 4, 1992. It can also be sent by overnight mail or faxed by Wednesday, September 9, 1992. The fax number at the FO is FTS or commercial (314) 539-2765. Please, meet these deadlines. Thousands of hours are spent across the country correcting the mistakes that occur when borrowers are referred for offset when they are not eligible. If the list is not received by the FO by Friday, September 11, it cannot be processed and will be returned to your State Office.

The State Offices shall:

1. Ensure that your field offices comply with the requirements and deadlines established in this AN.
2. On September 8, 1992, the FO will fax a list of your counties that have not returned the reports with borrowers to be deleted from offset. Follow-up with those counties and make sure that the reports are received in the FO. You will receive further instructions and deadlines on September 8.
3. Retain the master lists for later use.
4. The State and County Office responsiveness to the requirements and deadlines for IRS offset will be noted for the State Director's annual performance goals.

If you have any questions, please call Jeanne Hudec at the National Office at FTS or commercial (202) 720-4356.



LA VERNE AUSMAN
Administrator

Attachments (2)

1. Attachment 1 - all addressees
2. Borrower lists - servicing counties only
- master list to State Offices

INELIGIBILITY CRITERIA AND DELETION CODES

General Codes

- 01 Account has been referred for foreclosure and, based on the legal opinion required by FmHA Instruction 1951-C, section 1951.103(c), a collection by offset would jeopardize the litigation under State law. Existence of a foreclosure action pending flag is not a determining factor.
- 02 Account has been discharged in bankruptcy or is under the jurisdiction of a bankruptcy court and the debt has not been reaffirmed. Existence of a bankruptcy action pending flag is not a determining factor.
- 03 Account has a suspend code.
- 04 Account has been assigned to a collection agency.
- 05 Account is past due by less than \$25, or if the borrower has multiple loans, the net amount past due is less than \$25.
- 06 Borrower is a Federal employee and collection is feasible under salary offset.
- 07 Borrower was indebted to FmHA prior to entering full time active duty military service and the account is being serviced in accordance with FmHA Instruction 1950-C.
- 08 Account is current under a subject to approved adjustment (SAA).
- 17 Account is current or paid in full.
- 18 Account has been referred to the Department of Justice for litigation.
- 19 Account has been otherwise satisfied.

Single Family Housing Borrowers:

Fund Codes: 36, 37, 46 and 47

- 09 Borrower has one loan and it is less than 3 monthly payments delinquent (or, if annual borrower, the equivalent of less than 3 monthly payments for annual payments past due) or more than 9 years delinquent.
- 10 Borrower has multiple loans, and the net amount past due is less than 3 monthly payments on the delinquent loans (or the equivalent of 3 monthly payments for annual payment borrowers).
- 11 Account is under a moratorium.
- 12 Account has a delinquency workout agreement in effect and payments under the agreement are current.

Farmer Program Borrowers:

Fund Codes: All fund codes less than 50 except 36, 37, 46, and 47

- 13 Borrower is a partnership or corporation and/or is identified in the accounting system by an Employer Identification Number (EIN) rather than a Social Security Number (SSN).
- 14 Account is less than 180 days past due.
- 15 Borrower has not completed all servicing options available (including appeals) at the time of final offset screening by the field and the borrower's account has not been accelerated.
- 16 If the account was accelerated prior to instituting FmHA Instruction 1951-S servicing in 1987, the borrower's loans are being serviced under FmHA Instruction 1951-S, the borrower requested a 1951-S appeal and the appeal has not been concluded.